

**HOLLEY CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
FINANCIAL REPORT**

For Year Ended June 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Holley Central School District, New York

Report on the Audit of the Statement of Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the Holley Central School District for the year ended June 30, 2022 and the related notes to the financial statement.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the basis for qualified opinion paragraph, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of Holley Central School District for the year ended June 30, 2022, in accordance with the cash basis of accounting as described in Note 1.

Basis of Qualified

Internal accounting controls are limited over the cash receipts from the point of collection to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibility of Management for the Statement of Cash Receipts and Disbursements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Rochester, New York
November 14, 2022

Mengel, Metzger, Barw & Co. LLP

HOLLEY CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For Year Ended June 30, 2022

	<u>Cash Balance</u> <u>July 01, 2021</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Cash Balance</u> <u>June 30, 2022</u>
Class of 2022	\$ 2,527	\$ 7,360	\$ 9,170	\$ 717
Class of 2023	692	2,856	1,880	1,668
Class of 2024	188	2,874	1,176	1,886
Class of 2025	-	1,525	650	875
6th Grade Club	1,968	4,817	4,452	2,333
Art Club	496	162	226	432
Cheerleaders' Club	1,031	1,141	845	1,327
Elementary Library Club	275	20	-	295
Elementary Student Council	3,153	4,820	4,577	3,396
Elementary Yearbook	4,881	2,547	5,202	2,226
Hawk Baseball Camp Club	6,539	1,000	1,089	6,450
Hawk Basketball Camp Club	265	-	-	265
Hawk Football Club	2,554	-	-	2,554
Hawk Soccer Club	952	-	-	952
Hawk Softball Club	275	-	-	275
Hawk Wrestling Club	1,343	-	-	1,343
Hawk Yearbook	4,917	4,178	7,407	1,688
High School Student Council	1,565	2,160	2,318	1,407
Holley Running Club	3,249	1,179	1,609	2,819
Interact Club	752	1,300	1,612	440
Lady Hawk Basketball Club	13	-	-	13
Lady Hawk Soccer Club	1,987	7,035	948	8,074
Marching Band	254	1,250	1,462	42
Middle School Student Council	1,647	1,701	2,290	1,058
Middle School Yearbook	182	-	93	89
Musical Club	2,814	13,189	5,823	10,180
National Honor Society	2,349	1,700	435	3,614
National Junior Honor Society	1,497	440	-	1,937
Ski Club	181	-	-	181
Spanish Club	2,971	1,955	2,391	2,535
Technology Club	736	-	-	736
Unified Sports Club	13	40	-	53
Varsity Club	1,373	442	109	1,706
Vocal Music Club	4,740	8,533	6,922	6,351
Volleyball Club	337	351	509	179
Sales Tax Account	134	1,064	1,198	-
GSA Club	10	199	-	209
TOTAL	\$ 58,860	\$ 75,838	\$ 64,393	\$ 70,305

(See accompanying notes to financial statement)

HOLLEY CENTRAL SCHOOL DISTRICT

EXTRACLASROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENT

June 30, 2022

(Note 1) Accounting Policy:

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Holley Central School District. Consequently, the cash balances are included in the financial statements of the School District as part of the Custodial Fund.

The accounts of the Extraclassroom Activity Funds of the Holley Central School District are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.

(Note 2) Cash and Cash Equivalents:

Cash and cash equivalents are comprised of one checking account. The balance in this account is fully covered by FDIC Insurance.

HOLLEY CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

AUDITORS' FINDINGS AND EVALUATION

We have examined the statement of cash receipts and disbursements of the Holley Central School District's Extraclassroom Activity Funds for the year ended June 30, 2022. As part of our examination, we made a study and evaluation of the system of internal accounting control to the extent we deemed necessary to render our opinion.

There are inherent limitations in considering the potential effectiveness of any system of internal accounting control. Human errors, mistakes of judgment and misunderstanding of instructions limit the effectiveness of any control system.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Prior Year Deficiencies Pending Corrective Action:

Reconciliations –

During the course of our audit we noted that the Hawk Baseball Camp Club acquired 500 discount cards to sell for \$10. We identified \$1,170 of deposits recorded on the club's ledger for the sale of discount cards, and we were able to examine 360 unsold cards secured in the possession of the Central Treasurer. Three cards were donated, however there is no explanation for the 20 unaccounted for cards. In addition, the Class of 2023 had a candy bar fundraiser and we were unable to examine a reconciliation. Approximately 83 candy bars are unaccounted for.

We recommend all financial activity be recorded on the respective club's ledger, and that reconciliations of items sold to total cash collected be prepared and be given to the Central Treasurer when receipts are submitted for deposit.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Baseball Club –

Based upon our conversations with the Faculty Advisor, we were informed that the students are not maintaining a separate set of books for the Club, students do not participate in counting cash, preparing deposits, or preparing profit and loss statements.

In an effort to conform to New York State guidelines and to promote student involvement, we recommend the Student Treasurer, with the help of the Faculty Advisor, be directly involved in all financial transactions of the Club. In addition, a separate set of financial records should be maintained which should be compared with those maintained by the Central Treasurer on a monthly basis. Profit and loss statements should also be prepared for all fundraisers held by the Club.

Current Year Deficiencies in Internal Control:

Profit and Loss Statements –

During the course of our examination, we noted one instance in the Art Club and one instance in the Class of 2022, where profit and loss statements were not prepared. In addition, we noted one instance in the Baseball Club and one instance in the Class of 2023 of no Student Treasurer signature on the profit and loss statements.

We recommend that the Student Treasurer together with the Faculty Advisor prepare profit and loss statements for each fund-raising activity and that these statements be signed prior to being given to the Central Treasurer.

National Honor Society -

During our review of the National Honor Society, we were informed that after the Circus event, the Faculty Advisor took cash receipts home and brought them in for deposit the following day.

We recommend the Faculty Advisor properly safeguard receipts on school property until being remitted to the Central Treasurer for deposit.

Student Treasurers –

During the course of our examination, we noted that the Musical Club did not have a Student Treasurer during the 2021-22 fiscal year.

We recommend each club elect a Student Treasurer and that this individual be involved in all financial transactions for their respective organization.

(Current Year Deficiencies in Internal Control) (Continued)

Baseball Club –

The Baseball Club had Sam’s Diner sell discount cards as part of their fundraiser. The assistant coach would pick up the cash from Sam’s Diner, and take it home with him prior to bringing it in for deposit the following day.

We recommend all cash receipts be properly safeguarded on school property prior to being remitted to the Central Treasurer for deposit.

Other Item:

The following item is not considered to be a deficiency in internal control, however, we consider it an other item which we would like to communicate to you as follows:

Inactive Clubs –

As indicated on the statement of cash receipts and disbursements, the Girls Basketball Club, Ski Club, Softball Club, Basketball Camp Club, Wrestling Club, Technology Club, Soccer Club, and Football Club were financially inactive during the 2021-22 fiscal year.

We recommend the status of these clubs be reviewed. If future financial transactions are not anticipated, they should be closed in accordance with the Board of Education policy.

Prior Year Recommendation:

We are pleased to report that the following prior year recommendation has been implemented to our satisfaction:

1. Sales tax was paid on taxable purchases for the disbursements which were examined.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
November 14, 2022